Manitoba Lotteries Corporation

Mission

Manitoba Lotteries' Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

Manitoba Lotteries Corporation
830 Empress Street
Winnipeg, Manitoba
R3G 3H3

(204) 957-2500
www.mlc.mb.ca

Toll Free 1-800-782-0363

Manitoba Lotteries

FIRST QUARTER REPORT
(UNAUDITED)

FOR THE THREE MONTHS ENDED
JUNE 30, 2011
(UNAUDITED)

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the three months ended June 30, 2011 was $87.8 million, an increase of $0.5 million from the same period last year. This change is due to an increase of $6.9 million in the Casinos, offset by decreases of $4.7 million in Lottery and $1.7 million in Video Lotto.

Revenue and other income, net of cost of sales, remained unchanged from the same period last year while operating expenses increased $0.8 million. Amortization, interest and GST expenses decreased $2.2 million and allocations and payments increased $0.9 million.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, unaudited)
Three Months Ended June 30th

	2011				2010
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue and other income	$85,079	$62,112	$54,007	$201,198	$204,740
Cost of sales	8,863	3,667	37,105	49,635	53,175
	76,216	**58,445**	**16,902**	**151,563**	**151,565**
Expenses					
Operating	5,211	24,521	1,857	31,589	30,775
Amortization	1,041	5,011	-	6,052	7,447
Interest expense – long-term	399	1,332	43	1,774	2,480
Goods and services tax	495	228	27	750	852
	7,146	**31,092**	**1,927**	**40,165**	**41,554**
Income before Allocations and Payments	**69,070**	**27,353**	**14,975**	**111,398**	**110,011**
Allocations and Payments	**20,572**	**1,442**	**1,634**	**23,648**	**22,702**
Net Income and Comprehensive Income	**$48,498**	**$25,911**	**$13,341**	**$87,750**	**$87,309**

Notes to the Financial Statements

1. These interim financial statements are not prepared in accordance with International Financial Reporting Standards (IFRS).
2. These financial statements should be read in conjunction with Manitoba Lotteries' 2010-11 Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED BALANCE SHEET
(in thousands, unaudited)
June 30th

	2011	2010
ASSETS		
Current Assets		
Cash	$ 18,722	$ 23,909
Accounts receivable	17,866	15,556
Inventories	2,511	2,701
Prepaid expenses	5,921	6,600
	45,020	48,766
Property and Equipment, and Other Assets	171,482	158,565
	$ 216,502	$ 207,331
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 35,071	$ 34,135
Payable to the Province of Manitoba	18,750	10,559
Current portion of long term debt	17,222	17,562
	71,043	62,256
Long Term Debt	139,654	139,214
Provision for Employee Pension Benefits	805	861
Retained Earnings	5,000	5,000
	$216,502	$207,331